

For: State and County Offices

**Limitation Change and Beneficial Interest Requirements for
Crop Year 1999 Marketing Loan Gains and LDP's**

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000 (2000 Act), amended the Agricultural Market Transition Act to increase the payment limitation for marketing loan gains and LDP's from \$75,000 to \$150,000, per person, for eligible crops produced in 1999.

The 2000 Act also provides that a producer who has marketed a quantity of an eligible 1999 crop, that did not receive LDP or market gain, may receive LDP or gain as of the date the quantity was marketed or redeemed.

B

Purpose

This notice informs State and County Offices of:

- the payment limitation change
- a special provision for producers who have marketed a quantity of an eligible 1999 crop and did not receive LDP or marketing loan gain on that quantity
- further clarification of key provisions.

C

Contact

If there are questions or situations not addressed in this notice, State Offices shall contact PSD at 202-720-7935.

Disposal Date	Distribution
January 1, 2001	State Offices; State Offices relay to County Offices

2 1999 Payment Limitation Changes

A

Applicability

A payment limitation of \$150,000 for all crops, per person, applies to:

- LDP's
- market loan gains from cash loan repayments at a rate of less than the principal
- only eligible wheat, feed grains, oilseeds, upland cotton, and rice crops produced in crop year 1999.

Note: Notice CN-905 covers upland cotton procedures.

B

Subsidiary File Changes

Applicable subsidiary files have been edited doubling the 1999 crop year payment limitation amount for producers. County Offices should have received the subsidiary file download changing producer payment limitations.

C

Special Provision for Crop Year 1999

Subject to certain conditions, a producer who is otherwise eligible to receive a payment, will be allowed to receive a marketing loan gain or loan deficiency payment on any eligible crop produced in 1999, even though the producer has already marketed the commodity.

The conditions are as follows:

- no one has previously received such payments for the commodity, the producer seeking payment was the actual producer of the commodity, and the producer had beneficial interest in the commodity at the time of the marketing or redemption of the commodity
 - the producer will receive the payment as a marketing loan gain if the commodity was previously pledged for a loan in which case the rate to be paid will be determined as of the date of redemption
 - the producer will receive the payment as a loan deficiency payment if the commodity was not pledged as collateral for a loan in which case the amount to be paid will be determined as of the date the producer marketed the commodity
 - the commodity was marketed by the producer before the final loan availability, as applicable.
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Notice LP-1716

3 State Office Action

A Action

State Offices shall:

- publicize the contents of this notice immediately to the maximum extent possible
- instruct County Offices to notify producers immediately of the contents of this notice using all available sources
- notify PSD by FAX, no later than COB Friday, **December 31, 1999**, of:
 - the actions taken
 - sources used to publicize the contents of this notice.

Notes: Negative reports are required. A report is **not** required if one was submitted according to Notice LP-1714.

FAX information to PSD, Attention: Harold Connor, Deputy Director, at 202-690-3307.

4 County Office Action

A Producer Notification

County Offices shall notify all producers immediately of the contents of this notice using all available sources.

B Producers Retaining Beneficial Interest

For eligible producers who did not receive LDP or marketing loan gain because of payment limitation, but who still retain beneficial interest in an eligible 1999 commodity, County Offices shall inform those producers of the payment limitation change and that they may now apply for LDP's or earn marketing loan gains up to \$150,000 per person.

C Producers Who Have Filed LDP Requests

For eligible producers who filed an LDP request that is pending payment according to Notice LP-1695, but subsequently marketed a quantity of an eligible 1999 commodity, County Offices shall process the requests using the LDP rate that was in effect as of the date the commodity was sold.

Eligible producers who received a certified or measured LDP, and subsequently provide production evidence for a marketed quantity, may request a new LDP using CCC-666 on the quantity in excess of the original paid quantity. County Offices shall disburse a new LDP for the excess quantity using the LDP rate in effect as of the date the commodity was sold.

If beneficial interest has not been lost, use the LDP rate in effect as of the date of the original LDP request.

Continued on the next page

Notice LP-1716

4 County Office Action (Continued)

D

Producers Who Did Not File LDP Requests

For eligible producers who marketed a quantity of an eligible 1999 commodity that did not receive LDP, for any reason, County Offices shall:

- allow producers to request LDP using CCC-666 LDP

Note: If the request results in multiple LDP rates too numerous to manually calculate a weighted average LDP rate, County Offices may process the LDP in APSS as field direct with an approval date equal to the first date of delivery, feeding, or seeding. The prompt payment due date is 30 calendar days after the date of CCC-666 LDP approval.

- enter the following producer certification directly on CCC-666 and not as an attachment, **“I understand that I am allowed to request an LDP for a quantity of a 1999 otherwise eligible commodity which has been marketed, fed, or used as seed, for only the 1999 crop year.”**
- for fed production, allow producers to certify the quantity and date fed, use the LDP rate in effect on the date fed and in the county where the commodity was fed

Note: Determine the quantity of a commodity harvested as other than grain according to 8-LP, subparagraph 320 D.

- for quantities used for seed, allow producers to certify the quantity and date seeded, use the LDP rate in effect on the date seeded and in the county where the commodity was used as seed
- for quantities sold, obtain production evidence meeting 8-LP requirements and use the LDP rate in effect on the date sold and in the county where the commodity was delivered

Note: The date the commodity was sold is defined as the date beneficial interest in the commodity was lost.

- require producers to apply by the applicable final crop loan availability date.

E

Denied Market Gain on a Marketing Loan Repayment

For producers who were not afforded the opportunity to repay a 1999 crop year loan at the marketing loan repayment rate because they exceeded the payment limitation involving a loan repayment transaction, County Offices shall:

- identify the applicable loans
- correct the applicable loan repayment transaction using the correction software in APSS according to Notice PS-331.

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Notice LP-1716

4 County Office Action (Continued)

F

Denied LDP Amount

For producers who were denied LDP on a portion of a quantity requested because of payment limitation, before the change in limitation, County Offices shall:

- correct the LDP transaction using APSS correction software according to Notice PS-331
 - use the original LDP rate.
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G

Pending Requests for Relief

For producers who have requests for relief or appeals involving payment limitation or beneficial interest on file that have not been acted upon:

- State Offices shall return applicable requests to County Offices
- County Offices shall contact appellants informing them that if they will withdraw the request for relief or appeal in writing, the original LDP request will be processed.

For requests for relief that:

- are withdrawn in writing, County Offices shall process the original LDP request, using the LDP rate in effect on the date the commodity was sold
- are known to be at the NAD appeal level, State or County Offices shall contact the producer and inform them of this policy.

Note: The producer is responsible for contacting NAD to withdraw an appeal.

H

Obsolete Notice

Notice LP-1714 is obsolete.
